

# The key to organizational democracy and corporate sustainability?—The role of employee shareholder associations in German listed companies

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## Abstract

Employee shareholder associations (ESAs) have emerged as a novel, and widely underestimated actor in the European corporate arena, established to collect and pool the shares and voting power held by a company's employees. As such, they parallel existing institutions for employee representation, potentially empowering employees in their role as shareholders and possibly even providing a counterweight to traditional company owners. Unfortunately, we know little about the actual functioning, the inner workings, and, particularly, the ESAs' contributions to date. To address these shortcomings this paper explores the limitations but also the potential of ESAs in large, German listed companies to contribute to employee share ownership (ESO), to organizational democracy (OD), and to corporate sustainability (CS). Our findings show that, as far as ESOs and OD are concerned, in the specific German context, ESAs usually do not offer alternatives to (or even to compete with) existing employee representation but are instead rather dependent on cooperation with them. Regarding CS, any contribution here is closely linked to the ESAs' own principles and depends on the

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extent to which the ESA management takes them seriously and prioritizes them over other objectives.

#### KEYWORDS

case studies, corporate sustainability, employee share ownership, employee shareholder associations, Germany, organizational democracy

## 1 | INTRODUCTION

Employee shareholder associations (ESAs) have emerged as a novel and widely underestimated actor in the European corporate arena. They are established to collect and pool the shares and the related voting power held by a company's employees (Wheeler, 2008). As such, they parallel existing institutions for employee representation (e.g., works councils), potentially empowering employees in their role as shareholders and possibly even providing a counterweight to traditional company owners.

Beyond their basic function of pooling employees' shares, ESAs can serve several other purposes. First, ESAs may actively promote employee share ownership (ESO) in general and the respective programs of the company in particular by providing some offerings that are both (financially) attractive for employees and run over a longer period of time. This could strengthen employee motivation as well as their sense of ownership. Second, ESAs may increase and foster the voice and participation of employee-shareholders through various special activities (e.g., speaking at the company's annual general meeting and contacting members of the management and/or the supervisory board with concrete requests) (Wheeler, 2008). This could develop and promote organizational democracy (OD). Third, ESAs may ensure that organizational politics are designed for the long term, distinctively taking position against short-term value maximization and asset-stripping and fending off hedge funds take-over bids (Van der Zwan, 2013). In this way, ESAs could support and strengthen corporate sustainability (CS) and develop a long-term commitment between management and employees. In short, ESAs have the potential to make a significant difference for companies.

Unfortunately, we know very little about the actual functioning and especially the inner workings of ESAs to date and thus have little evidence as to whether and to what extent ESAs are actually meeting the expectations placed on them by different actors. In the end, some of the roles mentioned above (e.g., promoting ESO) are fulfilled while others (e.g., promoting OD) are not. For example, top management may view promoting ESO as critical while worrying about keeping OD in check. Wheeler (2008) and Van der Zwan (2013) have conducted some groundbreaking research in this field, though their cases of ESAs have remained rather illustrative and have been elaborated primarily against the broad variety of (institutional) backgrounds in the different countries where ESAs were found. To address these shortcomings and in the context of the roles and purposes of ESAs outlined above, we are interested in further exploring the limitations but also the potential of ESAs to contribute to these issues. Specifically, we aim to address three main research questions: (RQ 1) To what extent do ESAs promote ESO? (RQ 2) To what extent do they increase OD? (RQ 3) To what extent do ESAs support CS?

To address these questions more systematically, this paper focuses on Germany and on the existing ESAs in this context. We identified a total of six ESAs in five large, listed companies

(i.e., Siemens, Volkswagen, TUI, Evonik, and Bilfinger). Based on the approach outlined by Eisenhardt (1989), we conducted six case studies including interviews with key actors, group discussions, document analysis, and participant observations. We examined the ESAs in more detail, namely, (a) their origins and history, (b) their structures and roles, (c) their challenges and conflicts, and (d) their contributions to the wider company.

Our findings show that ESAs are indeed engaged on behalf of ESO, OD, and CS, although their impact has been differently pronounced. As far as ESOs and OD are concerned, it is evident that in the specific German context, ESAs usually do not offer alternatives to (or even to compete with) existing employee representation but are instead rather dependent on cooperation with them. Regarding CS, our findings show that any contribution here is closely linked to the ESAs' own principles (e.g., as formulated in the ESA statute) and depends on the extent to which the ESA management takes them seriously and prioritizes them over other objectives (e.g., to maintain a relationship of trust with top management).

Thus, our paper contributes to a better and deeper understanding of a relatively new and still underestimated, and thus insufficiently researched, actor in the German business context. Although the overall importance of ESAs may remain limited at present, they have the potential to become increasingly important in and for the German codetermination system and must therefore be recognized and made more widely known.

## 2 | THEORETICAL BACKGROUND AND STATE OF LITERATURE

### 2.1 | ESAs

In his seminal paper, Wheeler (2008) introduced ESAs as a new, additional opportunity to strengthen employee voice and, thus, promote OD: “These are unique organizations. They consist of workers who are also shareholders and act on their behalf to forward their interests in this special role. As trade unions represent workers in their role as workers, these associations represent them in their role as worker-owners” (p. 172). As a result, as Van der Zwan (2013, p. 93) argues, “ESAs have moved industrial conflict from the workplace to the annual shareholder meeting.”

ESAs are mostly found in France, Italy, and Germany (Wheeler, 2008). Similar institutions also exist in other countries, albeit with different legal forms: in Finland, through personal funds, or in Austria, through employee foundations. According to the European Federation of Employee Share Ownership (EFES), there are approximately 2000 to 5000 such bodies in Europe (Meier, 2017). In addition, Wheeler (2008) reported on numerous initiatives, both successful and unsuccessful, undertaken by U.S. trade unions to pool employee shares in order to exert greater power at the annual meeting. Similar attempts could also be identified in Germany (e.g., Deutsche Telekom—Van der Zwan, 2013), but they remain rather exceptional cases (Meier, 2017).

In France, ESAs have reached the highest degree of development to date. In total, they have reached almost one million employee-members and a considerable amount of company shares (Wheeler, 2008). The *Fédération Française des Associations d'Actionnaires Salariés et Anciens Salariés* (FAS), as the umbrella organization, was founded back in 1993. It mainly engages in ESO lobbying (e.g., press releases, annual prizes for companies, and researchers). The most notable achievement was the compilation, together with Euronext, of the *Indice de*

*l'actionnariat salaries IAS* in 1999, which includes French listed companies with significant ESO. Its website now lists 22 ESAs as members, most of them from large, listed companies (e.g., Renault, Thales, Essilor). Some of these ESAs have a longer history—Essilor's ESA was founded in 1972 and Total's in 1986. The amount of ESO in these companies is significant (e.g., 14.6% in Saint-Gobain), although the amount of representation by the respective ESA is not transparent. In some cases, when ESO reaches 3% of the company stock, the *conseil d'administration*, which is one level below the board of directors, must appoint at least one member representing the employees (Wheeler, 2008), which is often undertaken by an ESA representative (e.g., Essilor—Steger & Sieg, 2019). Wheeler (2008) reported on an interesting case of a French ESA (Rhodia Alliance): Not only did they succeed in reaching 12,800 members in several countries, but they also received financial support from the company in return for promising to engage in the financial education of employees and to providing a credible explanation to employees about the financial position of the company and the variations in the price of its stock. Moreover, the Alliance was able to block a takeover bid by communicating to management that it would oppose the bid.

In Italy, ESAs have also developed well, especially in the aftermath of a large wave of privatizations in the 1990s, when many of those formerly state-owned banks and industries offered part of their stock to employees (Wheeler, 2008). By 1999, the *Federazione Italiana delle Associazioni dei Dipendenti Azionisti (FIADA)* was made up of 13 ESAs. Given the less favorable legal situation (in contrast to France), FIADA was mainly engaged in political lobbying but also tried to support ESO research (Wheeler, 2008). To date, FIADA has been fairly inactive, and according to its website, its membership has dropped to 10 ESAs. Among them, there are still several ESAs from large, listed companies (e.g., Intesa San Paolo and ENI). A notable example reported by Wheeler (2008) is the Bank of Milan, where 7000 employees hold 10% of the stock. As a result, the ESA is involved in the selection of members for the bank's board of directors. However, since the ESA is identical to the *Federazione Autonoma Bancari Italiani (FABI)*, the union of bank employees, seven of the 16 e-board members are representatives of the union.

In the literature to date, there are only a few references to ESAs in Germany. Wheeler (2008) reported only one ESA at the time (Siemens-1), while Van der Zwan found 11 (though several of them could not be confirmed or, like that of SAP, had been dissolved in the meantime). Van der Zwan (2013) broadly describes three cases of employee shareholder activism with Siemens, TUI, and Deutsche Telekom (although up until today, the latter does not have an ESA to date). In particular, she found that despite different strategies and responses, all three initiatives share a strong rejection of short-term shareholder value maximization. At first glance, the limited number of ESAs may seem somewhat surprising given the long tradition of employee codetermination in Germany and the particularly high level of employee rights in large German companies (Müller-Jentsch, 2008; Steger, 2011). This, one might assume, constitutes a favorable environment for ESAs. However, as Van der Zwan (2013) points out, ESAs in German companies have created a different form of interest organization. Indeed, these new forms (or cases) of shareholder activism, challenge not only the policies of shareholder value orientation and financialization that have become increasingly prominent in large, German listed companies since the late 1990s (Höpner, 2001; Schilling, 2001). They also implicitly, and sometimes explicitly, challenge the traditional role distribution and balanced power in these companies—which may provoke some backlash, for example, from trade unions or works councils.

In sum, our knowledge about ESAs remains limited, both from the inside (e.g., structures and membership) and from the outside (activities and consequences). This is particularly true for the case of Germany. Although there are only a small number of ESAs, their unique position

within the German institutional and corporate political framework makes them a unique phenomenon that deserves closer attention.

## 2.2 | ESAs and ESO

In terms of capital accumulated, ESO ranks first among the different forms of employee ownership and is particularly widespread among listed companies. This holds true for most Western countries (Lowitzsch, 2020; Mathieu, 2021; Steger et al., 2017). Previous research has mainly addressed three sets of ESO objectives. First, on the level of politics and society, ESO has traditionally aimed to secure a liberal economic order and defend it against socialist movements or union interests (e.g., Blasi et al., 2003). Second, on the economic level, ESO aimed to reduce problems of income distribution or rent securement (e.g., Kühlewind, 2000; Risser, 2005). Third, at the company level, it was hoped that ESO would have a positive impact on various organizational (e.g., productivity and liquidity) as well as employee issues (e.g., motivation, turnover) (e.g., Blasi et al., 2008).

As many scholars argue, ESO has contributed significantly to employee company productivity, employee satisfaction, and employee capital accumulation (e.g., Blasi et al., 2008; Steger et al., 2019; Wolff & Zschoche, 2015). However, the power of ESO has mostly remained limited because employees usually hold small numbers of shares, and their interests are not coordinated or articulated. In other words, employees get ownership but no control over their shares. In addition, management does not introduce ESO to really share control either. Thus, the voice and influence of employee shareholders, in particular, OD, through ownership, do not really develop in these companies, and other issues, such as remuneration equality and risk limitations, have prevailed (Pendleton, 2019).

There is little doubt concerning the ability and positive role of ESAs in promoting ESO programs in their companies. Since ESO is their core business, they can be expected to undertake a variety of activities to increase the number of employees holding shares in general, as well as the number of employees who delegate their membership rights to the ESA and, not necessarily in parallel, become members of the ESA. Thus, they may also facilitate and promote peer effects to encourage ESO (Stebe et al., 2022). Previous research refers to information and PR about ESA inside and outside of the company, talks with top management and with political decision makers (to improve the general conditions for ESO), and some distinctive shareholder activism campaigns (Meier, 2017; Van der Zwan, 2013).

Beyond that, however, as Wheeler (2008, p. 163) makes clear, “(f)or ownership to translate into influence on corporate governance, workers’ capital power must be organized collectively.” ESAs may have the potential to deal with this “control problem” and, so, this is where ESAs come in and where the potential of this new organizational form lies.

## 2.3 | ESAs, OD, and CS

“Organisational democracy (OD) refers to ongoing, broad-based, and institutionalised employee participation that is not ad hoc or occasional in nature” (Weber et al., 2020, p. 1009). As such, it encompasses some alternative ways of perceiving and practicing decision making in organizations and challenges the traditional views of both organizational design and of company property rights. Put bluntly, it turns the traditional “labor-follows-capital” approach upside down.



Among the various employee-related and societal goals of OD, five areas can be identified: (1) OD promotes and fosters good work for employees, primarily in greater participation, equality, and fair pay (“The good work charter”—Institute for the Future of Work, 2018). (2) OD is a powerful tool for providing employees with a voice against unwanted asset stripping, down-sizings, or mergers, thus strengthening social peace and long-term corporate orientation (Steger & Sieg, 2019). (3) OD promises to have some spillover effects for the wider society as it suggests an educational effect of workplace-based participation and democracy, leading to greater political participation by employees (Rybnikova, 2022). (4) OD supports CS as well as societal sustainability, particularly “reduced inequalities” (UN Sustainable Development Goal No. 10), “decent work and economic growth” (No. 8), and “partnerships for the goals” (No. 17). (5). Finally, OD addresses some universal human rights, for example, “the right to own property” (Article 17), “the freedom of opinion and information” (Article 19), “the right to desirable work” (Article 23), and “the right to adequate standard of living” (Article 25) (Wettstein, 2022). There is a wealth of empirical evidence that shows that OD is indeed effective in achieving these goals (e.g., Budd et al., 2018; Steger et al., 2017; Timming & Summers, 2020; Weber et al., 2009, 2020).

To realize and implement OD, a broad range of proposals have been discussed. A considerable amount of literature deals with democracy at the point of production (e.g., Emery & Thorsrud, 1969; Rogers & Streeck, 1995; Turner, 1991). Furthermore, some institutional arrangements have been proposed to enable employees to be represented at the board level, thereby enabling them to participate in corporate governance and influence organizational strategic decision making (Conchon, 2011). Some democratic forms of governance for improving organizational effectiveness have enjoyed growing interest in recent years, particularly regarding knowledge-intensive companies (e.g., Blair, 1995; Grandori, 2016). Moreover, different types of employee-owned companies have been proposed (e.g., Atzeni & Ghigliani, 2007; Kranz & Steger, 2016).

The concept of sustainability may be understood in a dual sense, namely, as “the ability to maintain a system over a longer period” which is “worthwhile to do” (Erdal, 2017, p. 586). As Blasi et al. (2014, p. xi) put it, in a more concrete and provocative way, “the best way—and possibly the only way—to break the trend toward greater inequality and to direct our society away from the road to economic feudalism is to increase the citizens’ share of the business capital of the country.” In other words, employee shareholders obviously have a strong interest in their jobs and in their investment in the long-term development of the company, and thus, in CS.

Although they are often used here almost in parallel, OD and CS should not be viewed as “twins.” First, it should be noted that OD can promote CS (see Point 4 above and the UN Sustainable Goals). Second, CS can also be targeted and achieved independently by other corporate actors (e.g., by the top management) of, or even in competition with, OD or ESO (“we do not need employee participation or employee ownership to become sustainable ...”). Third, efforts to achieve CS often lead top management to involve employees more actively, thereby promoting OD.

Since employee share owners are usually fragmented and, therefore, have little means of articulating collective interests, ESAs play an important role in pooling and uniting their interests and strengthening not only ESO but particularly OD and CS. Both Wheeler (2008) and Van der Zwan (2013) point out that there is a broad range of opportunities for ESAs to take an active (or even activist) stance to promote OD and CS, with different strategies and in different ways. Moreover, ESA activities can also be combined with other forms of employee voice (e.g., codetermination at the company level and employee representatives on company boards)

(Steger et al., 2017) or, where these forms are in deficit or absent altogether, it can replace them to promote OD and CS. In the German case, ESAs may even establish share ownership as a “third pillar of co-determination” in the long run, thus promoting and fostering OD (Steger et al., 2017).

However, as stated in the relevant section above, there is still limited evidence on whether and to what extent ESAs can overcome their limitations and realize their potential to contribute to ESO (RQ 1), to OD (RQ 2), and to CS (RQ 3). These issues will be addressed and explored in the following empirical study.

### 3 | METHODS

For this study, we researched all existing ESAs in large German listed companies. In total, we found six, which, to the best of our knowledge, constitutes a complete sample. These ESAs operate in five different listed companies, namely, Bilfinger, Evonik, Siemens, TUI, and Volkswagen. It should be noted that Siemens currently has two separate ESAs (hereafter referred to as Siemens-1 and Siemens-2). Another ESA was found at SAP; however, it was liquidated in 2015 and, accordingly, eliminated from our sample. Some other ESAs exist at non-listed companies (e.g., Nordzucker), but we decided to not include them in our sample due to limited comparability.

Between 2016 and 2022, we carried out extensive data collection comprising interviews, group discussions, (internal and external) document analysis, participant observation, and company visits. The *interviews* were conducted as open-ended talks (some took place face-to-face and others by phone or by email) with leading actors of the ESA. The interviewers were either the author of this paper or a master student of the respective department specializing in the field (Meier, 2017). The interviews were not recorded but some personal notes and minutes were taken soon afterwards. We addressed both “hard facts” (e.g., structure of the ESA, membership, and official targets) and “soft facts” (e.g., problems of the past and present, views on different company issues, opinions about potential developments, and achievements of the ESA).

Group discussions were usually held at the company headquarters and included various leading actors of the ESA (and the author of this paper), usually 3–10 individuals were present. At Siemens, the author even had the opportunity to participate in a group discussion with leading works council members from different countries (as part of a European Works Council meeting). During COVID-19 pandemic, some of these discussions also took place via Zoom or Teams. Group discussions are valuable for identifying commonly shared opinions (e.g., regarding the ESA's key achievements or strategic targets). *Internal documents* comprised, for instance, ESA statutes, newsletters to the employees, or presentations at the annual ESA meeting. External documents comprised, for instance, media releases, newspaper articles, or ESA presentations at academic conferences. Both types of documents can be considered important for demonstrating how the ESA leaders perceive the ESAs' contributions. Participant observations were made possible due to the author's role as a member of the advisory council of Siemens-2 (participation in council meetings and ESA annual meetings). These opportunities provide some vivid insights into the inner life of the ESA, including discussions about future targets and prospects and current conflicts. Finally, company visits rounded out our view of the ESA and provided some insights into the company climate and culture.

Unfortunately, it was not possible to perform all the intended methods in all six cases. With some of the ESAs, for instance, we have been in continuous contact to this day while others have been contacted on concrete occasions. Consequently, our level of information is not equal for all cases. Table 1 presents the different methods of data collection used in the six cases.

The data analysis was largely inspired by the approach developed by Eisenhardt (1989), particularly Step 5 (“analyzing data”). We started by conducting a so-called “within-case analysis,” observing our six ESAs in terms of (a) their origins and history, (b) their structures and tasks performed (as they see them), (c) the challenges and conflicts they have faced (past and present), and (d) the particular contributions they make (or seek to make) with regard to ESO, OD, and CS. This resulted in some distinctive individual case descriptions (4.1–4.6), which should at best characterize the individual ESAs and provide a deeper understanding of the individual cases.

Subsequently, we conducted a cross-case analysis, searching for common patterns of the ESAs using divergent techniques. More specifically, we asked about similarities and differences between the cases, tried to tabulate the cases along different criteria, and asked for different types of ESAs according to the basic characteristics mentioned above and, thus, to the three research questions.

Finally, and in accordance with Step 6 (“shaping hypotheses”) of Eisenhardt’s (1989) approach, we formulated three propositions that should summarize the main findings of our analysis and, at best, answer the three research questions formulated in the introduction of this paper.

## 4 | FINDINGS

### 4.1 | Bilfinger

#### 4.1.1 | Origin/history

Bilfinger is a company specializing in civil and industrial construction, engineering, and services. Founded in 1880, it currently comprises almost 30,000 employees. In 2021, Bilfinger generated annual revenues of 3.7 billion € and profits (EBIT) of 120 million €.

In 2012, after almost a decade without such programs, the Bilfinger employees were invited to participate financially in their company. The intention was to increase employee loyalty to the company. At the same time, the company founded an ESA to pool the employee shares and to promote the employee shareholder scheme.

TABLE 1 Methods of data collection.

	Bilfinger	Evonik	Siemens-1	Siemens-2	TUI	Volkswagen
Personal interviews	2	3	2	3	2	1
Group discussions	--	1	--	>5	1	1
Internal documents	2	1	1	>5	1	1
External documents	5	1	>5	>5	3	>5
Participant observation	--	--	--	>5	--	--
Company visits	--	2	>5		1	1



“The goal is to take away the employees’ fear of shares. At the end of the day, it is a kind of gamble, and people feel more comfortable with a shareholders’ association.”

(Co-founder of ESA).

While almost 80% of the share votes were transferred to the ESA by the employee-shareholders during the first 3 years, this percentage, as well as the number of employee shareholdings, considerably decreased in the following years.

#### 4.1.2 | Structures/tasks

A peculiarity of the Bilfinger ESA is that in order to limit financial and administrative costs, its membership is limited to 50 persons. The company’s works council as well as the leading executives and the employees must be appropriately represented on the ESA board. Meanwhile, a special advisory council, appointed by the board, makes decisions about how the ESA’s votes are executed upon the company’s annual meeting.

The advisory board has a degree of freedom since the law is only aimed at ensuring adequate representation of employees among the shareholders, which should make it possible to safeguard the interests of the employees and increase the employees’ commitment to the company. This could also allow the ESA to support the objectives of the corporate management.

The ESA of Bilfinger perceives itself primarily as a service provider for its members by providing information about the state of the company and of the members’ assets. Most information is exclusively accessible for members in a protected area of the ESA’s website. At the same time, external information (or even public relations) is very limited.

#### 4.1.3 | Challenges/conflicts

The relationship with corporate management has been rather harmonious from the beginning. The ESA’s aim was to support the company rather than to confront the management. As reported by the media:

“The ESA was founded specifically to facilitate the communication with the employees. The company’s works council, which was closely involved in the planning of the employee share ownership scheme, works in unison with the management board”

(Berliner Morgenpost online, 14.09.2012).

This close relationship between ESA and the company management constitutes a major challenge. When I first got in contact with the ESA, it was represented by an HR officer of the company. Among other things, he explained that the ESA has its own secretary, who is on the payroll of the company. Generally, increasing employee commitment and mutual support between the ESA and the company appears to be key. This was also reflected in the former company CEO, a former Minister-President of the state of Hessen, who regularly took a stand for the ESA.

Bilfinger’s works council also has a strong position. However, it is perceived by the ESA as working for different interests and goals than the association. Moreover, it is assumed that there was a clear separation between ESA and works councils.

#### 4.1.4 | Contributions

The ESA at Bilfinger obviously made a considerable contribution to ESO while promoting this new program in the early days. However, this influence has decreased in the meantime. Perceiving themselves as just a service provider for its (limited) members, the ESA does not really aim to contribute to either OD or to CS and its impact is therefore rather limited.

## 4.2 | Evonik

### 4.2.1 | Origin/history

Evonik is a specialty chemical company employing 33,000 people. It was founded in 2007 following the restructuring of the mining and technology group RAG. In 2021, Evonik generated annual revenues of almost 15 billion € and profits (EBIT) of 1.3 billion €.

Evonik has offered its employees an employee share ownership program since 2014. The ESA was founded in April 2016 by representatives of the works council and of the council of leading executives (*Sprecherausschuss*) as well as with the support of the ESA Siemens-2.

“The ESA was founded by members of the works council and of the council of leading employees, i.e., elected representatives of the employees. All ESA members have this background. Thus, the ESA views itself as legitimized and accepted by the workforce.”

(Chairman of the ESA).

### 4.2.2 | Structures/tasks

As membership is open to all active and former employees of Evonik, the ESA has grown rapidly. The main objectives of the ESA are to ensure appropriate representation of employee shareholders among Evonik's stockholders and to pursue key employee interests, namely sustainable corporate policy, job security, and social protection. This is also intended to strengthen employee loyalty as well as employee commitment to the company.

The ESA's board of directors is elected by the general meeting, with the works council and the council of the leading executives having the right to propose representatives to the board. The advisory council is to support the board, giving advice about how to vote at the company's annual meeting.

### 4.2.3 | Challenges/conflicts

To influence corporate policies, the ESA at Evonik launched a broad internal information campaign. This goal is also served by a detailed website with various facts and opportunities to get in contact with the ESA. In view of the company's annual meeting, the ESA tries to collect as many votes as possible to take an active role. Moreover, the ESA maintains contact with several

representatives of the higher management and meets with the management board at least once a year.

Of significant importance is the ESA's close relationship with the representatives of the works councils and with the representatives of the council of leading executives, both of whom actively supported the establishment of the ESA. The relationship with unions and with the company's supervisory board can also be perceived as open and cooperative. Finally, the ESA at Evonik has some important links to other German ESAs—the deputy chairperson of Siemens-2, for instance, serves as a member of its advisory board.

The close relationships between ESA and several other important actors at Evonik may also harbor the potential for conflict. This is particularly reflected by the fact that several leading persons in the ESA also have some important functions in the company's supervisory board, the works council, or the council of the leading employees.

#### 4.2.4 | Contributions

The ESA at Evonik makes a considerable contribution to ESO and has supported this new program from its inception to the present day. Influencing OD is also definitively on their agenda. Given the ESA's strong involvement and coalition building activities, a contribution can be expected there, with a growing tendency. Meanwhile, the topic of CS remains underdeveloped at the ESA at Evonik, and no concrete contribution has yet to be identified.

### 4.3 | Siemens-1

#### 4.3.1 | Origin/history

Siemens, founded in 1847, is the largest industrial manufacturing company in Europe, comprising operations in digital industries, smart infrastructure, mobility, and health care. With more than 300,000 employees, it generated annual revenues of 72 billion € and profits (EBIT) of 9.3 billion € in 2022.

The first ESA at Siemens was founded back in 1994 by several critical employees, as a kind of grass-roots movement to better represent the interests of employee-shareholders at the company's annual meetings.

“There was no concrete trigger-event, but rather the basic consideration that the banks to whom the voting rights are usually transferred exclusively represent the interests of capital. But with us as employee-shareholders, the interests of labor dominate.”

(Former chairman of the ESA).

#### 4.3.2 | Structures/tasks

This initial orientation is also reflected in the ESA's statute, which articulates several sustainability goals (e.g., employee wealth accumulation, long-term oriented company policy, and environmental sensitivity). Moreover, the ESA Siemens-1 perceives itself as an important

supplement to the existing employee representations (works council and unions). In terms of accumulated capital, it is the most successful ESA to date, collecting and representing up to 1.2 million votes (approximately 0.15% of the capital stock).

The board is the main body of the ESA Siemens-1. It represents the ESA and makes important decisions, particularly about the ESA's voting at the annual meeting of the company and about media work. The ESA's general meeting is used as a kind of barometer of public opinion.

“There is a general meeting in autumn where we gather the issues and discuss the positions. For the concrete elaboration of the positions, we get in contact with the respective prompters.”

(Chairman of the ESA).

### 4.3.3 | Challenges/conflicts

Most importantly, Siemens-1 strives to maintain a high degree of independence, not only from the company management but also from the works council and the unions. This is true even though several board members are active unionists and have themselves served on the company's works councils in the past, one of them even as the deputy chairperson of the supervisory board. In 2015, the ESA remarkably denied the formal approval of the supervisory board chairman, which, despite its failure, was broadly recognized as a major symbolic gesture.

Siemens-1 is very actively involved with media outside of the company. In this regard, it is definitively the most active ESA. It regularly publishes critical press releases, gives interviews, and is often the subject of media documentation. In some of them, Siemens-1 was even portrayed as a kind of pop star of employee shareholder activism.

“Who loves his company, grills the boss. That's the motto of the ESA of Siemens. A visit with a very self-confident squad.”

(Bergmann, 2016).

Moreover, Siemens-1 actively uses its website to distribute internal company information, particularly in a protected members' domain, and to air their critical opinions (e.g., “Why are there two ESA's at Siemens?” 2023).

As a result, Siemens-1 has been able to not only exert significant pressure on the company's C-suite but also gain their respect. In 1999, together with the Siemens family, it even successfully opposed a hostile takeover by Vodafone (Wheeler, 2008). In recent years, the representatives of Siemens-1 (together with the representatives of Siemens-2) have also been invited to confidential talks with the management board once a year.

However, the ESA is also often viewed critically by other actors in the company, and its ability to form coalitions and cooperations (e.g., with the ESA Siemens-2) is limited. There have also been several conflicts involving other actors in the company. In the 1990s, for instance, Siemens-1 was even forced to renounce using the term “Siemens” in their official name due to juridical pressure from the company management. More recently, conflicts with the company works council have intensified, with criticism and accusations coming from both sides. For instance, while the ESA Siemens-2 was invited to present itself at the annual meeting of the Siemens works council members, Siemens-1 was not.

### 4.3.4 | Contributions

Siemens-1 has undoubtedly played a pioneering role in the promotion of ESO by pooling the largest amount of shares of all ESAs. Moreover, conceiving itself as a critical opposition in the company and a distinctive supplement to the existing bodies of codetermination, it obviously contributes to OD. Most remarkably, though, is the fact that Siemens-1 was definitively the first German ESA to raise its voice against economic short-termism, bank proxy voting, and asset-stripping and, thus, contributed distinctively to the promotion of CS at Siemens.

## 4.4 | Siemens-2

### 4.4.1 | Origin/history

In July 2015, a group of people from the works council and from the council of leading employees founded another ESA at Siemens, “*Wir für Siemens*” (*We for Siemens*). This was mainly due to their dissatisfaction with Siemens-1, which was considered to be acting too much as a fundamental opposition. Accordingly, the new ESA has been and continues to be strongly supported by the various works councils at Siemens, by the unions as well as by several representatives of the council of leading employees.

Despite the competitive situation with the already existing ESA, Siemens-2 has developed quite well and became the largest ESA in terms of members (360), while the capital accumulation remains somewhat in deficit (0.7 million votes).

### 4.4.2 | Structures/tasks

The main objectives of Siemens-2 are more modest compared to those of Siemens-1; namely to promote ESO programs very broadly, to support education related to ESO, and to secure the company's sustainable development. Siemens-2 continues to pursue a sustainable company policy, without further fragmentation and with safeguarding of the German sites, and a corporate culture of trust and reliability. In the long term, Siemens-2 aims to assume the role of an anchor shareholder, which is also signified by the ESA's logo.

“In addition to the central pillars of trade union representation of interests and co-determination at plant and company level, we are creating a further pillar for employees which may also be attractive to other long-term investors.”

Siemens-2 is led by a board that includes representatives from all German regions of the company. It represents the ESA and takes all important decisions. An additional advisory board supports the board and advises it on decisions. The purpose of the ESA general meeting is to discuss the association's position, in particular on the company's annual general meeting, and to discuss members' suggestions and proposals. Any natural or legal person can become a member; it is not necessary to be an employee of Siemens or a shareholder of the company.

#### 4.4.3 | Challenges/conflicts

One of the main characteristics of Siemens-2 is its close relationship with the company's works councils.

“Despite the generally independent work of the association, sustainable work also includes consciously maintaining contact and dialog with the employees' interest groups that are active in the day-to-day work of the company.”

(Deputy Chairman of the ESA).

Several active and former works council members sit on the board of Siemens-2; the two chairwomen of the two most important works councils (*Gesamtbetriebsrat*, *Konzernbetriebsrat*) as well as the chairman of the European Works Council are members of the advisory board. Accordingly, the board of Siemens-2 does not consider public criticism of the management board or of the supervisory board of the company to be its primary task.

Meanwhile, the relationship between Siemens-2 and the council of leading employees is somewhat ambiguous. While a former chairman of the council serves as the deputy chairman of Siemens-2, his successor left the advisory board in 2018 due to a marked disagreement over the ESA's critical stance. The management board takes a somewhat reluctant position; official contacts are mainly limited to a meeting between the two ESAs and the CEO before the company's annual meeting.

Information is usually shared with employees at local meetings, where local or regional works council members present the ESA and canvass for membership and support. The ESA's website is also accessible to the public and contains various information (e.g., positions taken, research reports, and explanations about voting rights execution). Siemens-2 also actively promotes its positions via public media, although less intensively than its counterpart Siemens-1. More recently, the board of Siemens-2 has also become more actively involved beyond the company, for example, meeting with federal politicians, addressing federal ministers, or forming a coalition with the federal association for employee ownership (AGP).

The closeness of Siemens-2 to the works councils and their main representatives is sometimes observed with scrutiny, both internally (e.g., by Siemens-1) and externally (e.g., by public media). This also holds true for the relationship between Siemens-2 and the top management, which is criticized regularly for being too moderate and adaptive. Under the headline “*Joe's new friends*” (referring to Joe Kaeser, CEO at the time) a major business newspaper wrote:

“In autumn 2015, the ESA “We for Siemens” was founded by people from the ranks of the works council, the leading employees and the IG Metall. Kaeser is sure to be pleased with the association's appearance: an anchor in the Siemens petrol-colored logo, the slogans match his messages almost word for word in some cases ...”

(Manager Magazin, 2016).

The relationship with Siemens-1 is a continuous up-and-down, somewhere between cautious reconciliation, competition, and sometimes harsh criticism.



#### 4.4.4 | Contributions

In terms of ESO promotion, Siemens-2 is currently even more active than Siemens-1 and, thanks to several outstanding individuals on its board and advisory board, has a good chance of finding an attentive ear in the company's top management. Siemens-2 also makes an obvious contribution to OD (strengthening employee voice) and CS (e.g., fighting against asset-stripping), but in a more subtle way than its counterpart Siemens-1, namely, through strong coalition building with employee representatives (works councils and unions) and, sometimes, even with the management.

### 4.5 | TUI

#### 4.5.1 | Origin/history

TUI is the world's largest leisure, travel, and tourism company. It was known as Preussag until 1997 when the company shifted its activities from mining to tourism. With more than 56,000 employees, it generated annual revenues of 16.6 billion € and profits (EBIT) of 409 million € in 2022.

Although the employees of TUI have regularly been offered employee shares since 1998, the ESA was only founded in 2007. This was undertaken by the company works council, with the support of the Hans-Böckler Foundation (foundation of the German Trade Union Confederation) and of Siemens-1. The immediate reason for this was to prevent the sale of the Hapag-Lloyd subsidiary and to safeguard the corresponding jobs. It comprises approximately 40 members, but the number of shares represented has remained limited to this day.

#### 4.5.2 | Structures/tasks

The main purposes of the ESA at TUI are to balance the interests of employees and investors and to support a sustainable corporate policy. Moreover, it should promote employee share ownership with TUI as well as the foundation of ESAs in other companies. All natural persons holding shares in TUI can become members, regardless of whether they are employees of TUI or not. The ESA at TUI is led by a board that makes all important decisions and is elected by the ESA members at the annual meeting.

#### 4.5.3 | Challenges/conflicts

The ESA enjoys a good relationship with the company's management board. Each year, prior to the annual meeting, the ESA holds confidential talks with the management board to resolve outstanding issues and to present its requests and proposals for the annual meeting. Of particular importance is the close relationship with the works council and the employee representatives on the supervisory board (one of whom even sits on the ESA board).

“Without the support of the existing employee representation bodies, there is no chance to exert any influence on the corporate policy”

(Former Chairman of the ESA).

Moreover, those bodies are also important sources of information as well as channels to disseminate the ESA's ideas and spread them throughout the company workforce.

The media activities, particularly the ESA's website, are still somewhat insufficient and need considerable development (according to the former chairman). The ESA was the subject of several journal articles (e.g., Van der Zwan, 2013), which gave the board the opportunity to present its position and views.

Interestingly, the ESA board views its own voting power as high, which is in sharp contrast to empirical evidence and might be a kind of self-overestimation. Moreover, the close relationship with the management board is also perceived as supportive, although several reactions inside and outside of the company suggest that it constitutes a double-edged sword.

#### 4.5.4 | Contributions

TUI's ESA has had some influence on the development of ESO, but this has been limited. Like Siemens-2, but to a lesser extent, the ESA at TUI contributes to OD through active coalition building with other bodies of employee representation. More recently, as in the Hapag Lloyd case, the ESA could also contribute to CS by helping to prevent takeovers and asset-stripping from becoming a reality at TUI.

## 4.6 | Volkswagen (VW)

### 4.6.1 | Origin/history

Volkswagen, founded in 1937 (and again in 1949), is the world's largest car manufacturer. With more than 645,000 employees, it generated annual revenues of 250 billion € and profits (EBIT) of 19.3 billion € in 2022.

In 1960, VW was transformed by law into a joint-stock company. In this process, to appease both the unions and the works council, all employees of VW were offered one share for free and the opportunity to acquire another nine shares on preferential terms. Subsequently, the IG Metall and the works council decided to establish an ESA in 1961, making it the oldest organization of its kind still in existence in Germany.

Initially, the willingness of the employees to transfer their voting rights to the ESA was massive and close to 100%. Over time, however, this has declined sharply, partly due to a lack of any continuous employee share program (respective offers were made only in 1988, from 1991 to 1998 with preferential shares, and from 1999 to 2006 with share options). Thus, the voting capital represented by the ESA upon the annual meeting of the company is approx. 0.01% (with another 0.1% of the preferential shares that do not possess any voting rights).

### 4.6.2 | Structures/tasks

The main purposes of the ESA at VW are to represent the interests of the employees at the annual meeting of the company, to support the shareholders, particularly the employee-shareholders at VW to execute their voting rights, to promote the re-introduction of an

employee share program with VW and, finally, to defend the “VW law” (which, among other things, guarantees the Land of Lower Saxony a major stake with VW).

The ESA comprises a board that takes all important decisions. It is also supported by an advisory board. Both bodies are elected by the general meeting. Most importantly, since 1990, the membership has been limited to 40 persons. Each active or former employee of VW can become a member (even without being a shareholder). In terms of membership, the ESA strives for a balanced membership, comprising company representatives, works council members, active employees as well as pensioners.

#### 4.6.3 | Challenges/conflicts

The ESA's contacts with the employees are varied. ESA members in various subsidiaries provide regular updates. Prior to the company's annual meeting, the ESA tries to convince employee shareholders to transfer their voting rights to the ESA. They also organize some free trips for employees to attend the annual meeting or meetings with selected members of the Supervisory Board (“*Meet your supervisory board member*”). Nevertheless, the power of employee share ownership remains limited.

The ESA has a special relationship with the management board.

“Indeed, we perceive ourselves as a link between the two actors, corporate management and employee representatives.”

(Chairman of the ESA).

This is also pursued through regular discussions with individual members of the management board prior to the company's annual meeting, although the concrete influence remains limited. ESA also has some strong and trustworthy relationships with other employee representation bodies. Several members of the works council as well as of the council of leading employees are also members of the ESA board. Accordingly, disagreements about major issues facing the company are rare. The ESA also profits from the support of such institutions.

The public relations activities of the ESA are limited to special topics, for example, for the preservation of the “VW law.” The ESA has also been approached by the media in connection with interesting events, such as VW's acquisition of Porsche. It also maintains regular contact with other ESAs in Germany and with the German Institute for Share Ownership (*Deutsches Aktieninstitut*).

The ESA perceives its overall influence as limited compared to other actors of employee representation. The ESA chairman gave several reasons for this, namely the traditionally strong position of both unions and works council at VW. Furthermore, it is difficult for the ESA to be present in all major subsidiaries of VW in Germany.

#### 4.6.4 | Contributions

The ESA at VW has obviously contributed to ESO in the past, although it has been passive in this regard since those programs were discontinued. Perceiving itself as just a service provider for its (limited) membership, the ESA does not really aim to contribute to OD and CS, and its impact, therefore, is rather limited. Paradoxically, this may also be due to the powerful

employee representation bodies at VW, which do not really want to see an additional body representing the employees and thus keeping the ESA at a low level of power.

A summary of the case study characteristics is provided in Table 2.

## 4.7 | Cross-case results

Initially, we were able to identify several *similarities* among the ESAs examined. As associations under German law, they have similar organizational structures. The basic objectives, as formulated in the statutes of the ESAs, tend to focus on the representation of employee shareholders, the promotion of the idea of employee ownership, and the strengthening of the sustainable development of companies. All of the ESAs have also managed to gain (good) access to the upper echelons of their companies, although the means by which they have done so vary. To date, however, none of the ESAs has a significant number of shares or transferred voting rights. Finally, all ESAs struggle with limited interest in employee-shareholder activism and, accordingly, ESA membership in the company workforce.

At the same time, some distinctive *differences* between the ESAs can also be observed. They are very different in terms of age (e.g., year of foundation VW 1961 and Evonik 2016), membership numbers (e.g., limited to 30–40 at Bilfinger and VW vs. more than 300 in Siemens-2), and their foundation approach (e.g., initiated by high-level functionaries at Siemens-2 and Evonik vs. grass-roots foundation at Siemens-1). In addition, the ESAs differ in terms of their ability to raise their voices effectively at the company's Annual General Meeting and in the public media (e.g., high visibility of Siemens-1 and Siemens-2 vs. rather low visibility of Bilfinger and VW). Finally, the ESAs studied also exhibit a number of very different types of conflicts, such as intra-personal conflicts (e.g., supervisory board members on the advisory board of Siemens-2), intraorganizational conflicts (e.g., disagreements about strategy on the board of VW), or inter-organizational conflicts (e.g., Siemens-1 vs. Siemens-2).

As we delve more deeply into the data of the six ESAs, we characterize them in a distinctive way by developing three different typologies that identify and highlight some rather specific patterns in each of the ESAs. With the first one, the strategy typology, we ask whether the individual ESA are more passive or active and, at the same time, whether their strategies are more radical or subtle (see Table 3).

As is obvious, the ESAs at both Bilfinger and VW are rather reserved and passive and tend to stay in the background, which keeps them less visible and less known. The ESAs at Evonik, Siemens-2, and TUI behave much more actively, albeit very cautiously, balancing themselves between and with various other actors (e.g., top management and works council). Their performance is therefore significantly higher than that of the first two ESAs. Meanwhile, the ESA Siemens-1 takes a somewhat singular position, taking a much more radical (sometimes fundamental) stance, caring relatively little about other actors, and being very active both inside and outside the company.

With the second one, the coalition building typology, we ask whether ESAs engage in coalition building passively or actively and whether they take a narrow approach (focusing on very specific partners) or a broader one (see Table 4).

As in the previous typology, we find a larger group of ESAs at Evonik, Siemens-2, and TUI, all of whom try to form as many coalitions as possible, both inside and outside the company. On the other side, we find Siemens-1, which clearly abstains from coalition building for fear of losing its independence and specific orientation. Meanwhile, the ESA at VW is broadly involved

TABLE 2 Key characteristics of the case studies.

	<b>Bilfinger</b>	<b>Evonik</b>	<b>Siemens-1</b>	<b>Siemens-2</b>	<b>TUI</b>	<b>VW</b>
Foundation	2012	2016	1994	2015	2007	1961
Founding approach	Company	Works council, middle management	Grassroots	Works council, union, middle management	Works council	Union, top management
Official targets	Representation of employee-shareholders, promotion of employee ownership, strengthening of the companies' sustainable development					
Structure	Associations (acc. German law)					
Size (members)	17 (limit 50)	70	150	360	40	40(limit 40)
Size (approx. pooled capital)	0.05%	0.03%	0.15%	0.1%	0.01%	0.01%
ESA membership	White collar	Mixed(blue/white collar)	Mixed(blue/white collar)	Mixed(blue/white collar)	White collar	Mixed(blue/white collar)
Current EO program?	Yes	Yes	Yes		Yes	No
Contributions	Medium	Strong	Strong	Strong	Medium	Weak
-to ESO	(trend↓)	Medium (trend↑)	Strong	Strong	Medium	Weak
-to OD	Weak	Weak	Strong	Strong	Strong	Weak
-to CS	Weak					

TABLE 3 The strategy typology.

	Passive	Active
<b>Radical</b>		Siemens-1
<b>Subtle</b>	Bilfinger VW	Evonik Siemens-2 TUI

TABLE 4 The coalition building typology.

	Passive	Active
Broad	VW	Evonik Siemens-2 TUI
Narrow	Siemens-1	Bilfinger

in several important coalitions, but not of its own accord but rather as a kind of “friendly takeover” by other actors. The ESA at Bilfinger, on the other hand, is actively involved in coalition building, albeit with a clear focus on a small number of prominent actors within the company.

With the third one, the OD-CS typology, we ask how weak or strong the different ESAs are in relation to the two main topics of this study, namely, OD and CS (see Table 5).

First of all, we find Siemens-1 and Siemens-2 positioned in the same quadrant. Although both companies pursue quite different strategies and behaviors in coalition building, they are both very actively committed to a stronger employee voice and at the same time to sustainable corporate development by strictly rejecting any kind of takeover bids or asset stripping. On the opposite side, we find the ESAs at Bilfinger and at VW, which are rather reserved and do not exert an influence on either OD or CS. Meanwhile, Evonik’s ESA has already done well in OD, possibly due to its limited age, but is still weaker in terms of CS. Finally, ESA at TUI has already achieved some good successes in terms of CS, while its OD activities have remained limited.

But what explains the variation among the six ESAs observed? At least five factors can be identified here: First, history matters, and path dependency has a major impact on how ESAs work and behave. This can be seen best in the case of Siemens-1, which was founded by a grass-roots initiative and therefore has a rather different development than, for instance, Siemens-2, which was the result of a concerted action by various (powerful) employee institutions inside and outside of the company. Second, the ESAs willingness and ability to build effective coalitions is important and explains a considerable amount of variation. In particular, it should be noted that the quality of these coalitions is important: are they coalitions between “equal” partners (e.g., Siemens-2) or rather a kind of “friendly takeover,” leading to a pejorative situation (“junior partnership” and “servant to the union’s will”) (e.g., VW). Third, even where coalitions are neither possible nor wanted, the ESA’s ability to negotiate with the (powerful) actors of German employee codetermination system is crucial. If not, they may perceive ESAs as competitors or as troublemakers and seriously hinder the development and promotion of ESAs (e.g., Siemens-1 was not invited to attend the annual meeting of the works council members by the corporate works council). Fourth, having a common understanding or, instead, suffering from internal conflicts about the basic strategy, can promote or even paralyze the development of the ESA. The best example of this is found at VW: Although ESO programs



TABLE 5 The OD-CS typology.

	CS weak	CS strong
OD strong	Evonik	Siemens-1 Siemens-2
OD weak	Bilfinger VW	TUI

have not been relaunched for more than a decade now, the ESA board has still not agreed on whether such a relaunch should be a major target of the ESA or not. Fifth, and somewhat related to the previous point, the ESAs' ability and willingness to take a broader thematic approach may also explain some of the variations among ESAs. Although CS can be found as a topic in all of the ESAs' statutes, the ESAs at Bilfinger and at VW have not taken any visible action in this regard, which accordingly limits their visibility and, to a certain extent, their recognition and reputation inside and outside of the company.

## 4.8 | Propositions

To conclude this chapter on our findings, we formulate three propositions to answer the main research questions (RQs) of our paper.

**Proposition 1.** ESAs have promoted ESO considerably and have exerted a major impact on it.

ESO can be assumed to be the primary concern of ESAs. It comes as no surprise, therefore, that we find some distinctive activities as well as some visible success in all ESAs in this respect. The case of the ESA at VW may be perceived as a minor exception that proves the rule, since VW has not run an ESO program for more than a decade now and the ESA board, therefore, seems to be undecided on how to react in this regard.

**Proposition 2.** ESAs have increased OD, although only to a limited extent.

The ESAs impact on the development of OD in their respective companies must be considered modest. Primarily, they tend to act as supporters of the traditional codetermination system. However, it should be noted that this situation does not need to be considered negative at all: Traditionally, OD is on a respectable level in large German corporations and within some strong coalitions ESAs may be able to further contribute to this. Moreover, we also need to mention the (specific) case of Siemens-1, which perceives itself as a distinctive supplement (instead of a mere addition) to the existing codetermination actors and has also achieved some (minor) successes with this approach.

**Proposition 3.** ESAs have supported CS, albeit rather specifically and at selected events.

As far as CS is concerned, heterogeneity among ESAs is probably the most pronounced. On the one hand, several (prominent) activities to safeguard jobs (e.g., the affair surrounding the

closure of the Görlitz site at Siemens) and to fend off hedge-fund attacks (e.g., in the Hapag Lloyd case with TUI) or asset stripping (e.g., the ongoing discussions about divestments or spin-offs with Siemens) show that several ESAs have clearly recognized this and aim to increase their engagement in this regard. On the other hand, some ESAs (e.g., at Bilfinger, VW) still do not have these issues on their agenda.

## 5 | DISCUSSION

This paper critically examines all existing ESAs in large, German listed companies to date. In doing so, it has gone beyond previous studies (Van der Zwan, 2013; Wheeler, 2008) by providing a more complete and differentiated picture of these special organizations in the German context. First, our findings demonstrate that ESAs have indeed contributed to ESO in the past and, in particular, to OD and CS (note the specific cases of Evonik, Siemens-1, Siemens-2, and TUI). Second, it was made clear that there is considerable variation among the German ESAs, and five important reasons to explain this variation have been identified. The willingness and ability of the ESAs to form effective coalitions and to negotiate with the (powerful) actors in their institutional framework are the most significant factors here. Third, this paper has also clearly addressed the challenges and potential limitations ESAs are faced with. The institutional framework of German co-determination is found to play a particularly important role in limiting, but ultimately also in enabling and supporting the activities and development of the ESAs.

This said, it is obvious that the study and analysis of ESAs are definitively worth the effort. ESAs are currently taking an increasingly important role in the context of large, listed companies, in Germany and beyond (e.g., France and Italy). They do not yet have the same power as some other actors in this field (e.g., unions and works councils) yet, but they are becoming increasingly important, particularly in their contributions to ESO, OD, and CS. Moreover, where other actors are weak or even absent, ESAs may be able to fill an important gap.

Of course, generalizations should be made with caution. As already mentioned, the ESAs in Germany can hardly be adequately understood if the specific institutional framework, in particular the German co-determination system, is disregarded. Nevertheless, there are also various forms of employee involvement elsewhere. This issue must therefore be taken into account when analyzing ESA in other countries. The German case, as presented here, can hardly be copied, but it shows some important patterns and constellations that can be found and implemented in other contexts in a similar or comparable way.

Another important issue raised in this paper is the relationship between labor and sustainability. Obviously, labor has been perceived (and limited) for too long as a mere recipient and beneficiary of sustainability activities, especially in the social sphere. However, as our findings have made clear, employees and their representatives, particularly ESAs, must also be perceived as major promoters and supporters of sustainability, in the broadest sense. The contributions ESAs have made in the past in this context may lead to a reconsideration of this topic in the future—far beyond the German case.

This paper has also delivered several implications for practice, particularly for the further development of ESAs in Germany. It has, first, become clear that ESA can hardly succeed without building coalitions with other (powerful) actors. These can be works councils, unions, or public media. Thus, the ESA board is well advised to develop a sound strategy here. Second, the topic of sustainability has undoubtedly become a major economic and societal trend in recent years. ESAs cannot not ignore that. Instead, they should think carefully about how they can

profit from this trend and, above all, which sustainability aspects (e.g., employee wealth and environment-sensitive policy) they want to focus on in their work. Third, Germany is a difficult environment for employee share ownership as there is only a limited tradition and culture in place. If this is to improve in the future, ESAs need to make this a key issue for themselves and develop ideas on how to drive this forward in their companies and beyond.

Finally, some limitations of this paper also need to be addressed. Although our analysis is based on a full sample (comprising all ESAs in large, listed companies to date), it must be noted that they still constitute some exceptional cases and we have not (yet) witnessed any mass movement in this respect. Moreover, the topic definitively does not cover the full diversity of employee shareholder activities, but our focus on the organizational form of ESAs may to some extent have obscured other important phenomena in this context, such as different forms of employee shareholder activism (Van der Zwan, 2013), which definitively deserve more attention in the future. Finally, this paper has only paid limited attention to ESA developments in other countries (e.g., France and Italy—Wheeler, 2008). Some further international comparisons would be valuable here.

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